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October 29, 2004

**BY HAND**

Mary L. Cottrell, Secretary  
Department of Telecommunication and Energy  
One South Station, 2<sup>nd</sup> Floor  
Boston, Massachusetts 02110

**Re: D.T.E. 04-48, Fitchburg Gas and Electric Light Company Pension/PBOP  
Adjustment Mechanism – Tariff Compliance Filing**

Dear Secretary Cottrell:

Fitchburg Gas and Electric Light Company ("FG&E") hereby resubmits the following tariffs filed earlier this afternoon. The purpose of this filing is to correct the tariff numbers as follows:

Gas Division

M.D.T.E. No. 119A

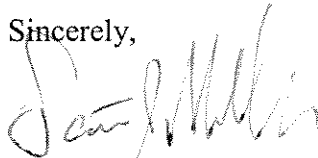
Electric Division

M.D.T.E. No. 112A

Mary L. Cottrell, Secretary  
October 29, 2004  
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Thank you for your attention to this matter.

Sincerely,

A handwritten signature in dark ink, appearing to read "Scott J. Mueller". The signature is fluid and cursive, with the first name "Scott" being more prominent.

Scott J. Mueller  
Counsel for  
Fitchburg Gas and Electric Light Company

cc: Alexander J. Cochis, Asst. Attorney General  
Kevin Brannelly, Dir., Div. of Rates and Revenue Requirements  
Caroline Bulger, Hearing Officer  
Paul Osborne, Rates and Revenue Division  
Joseph Passagio, Rates and Revenue Division  
George Yiankos, Director of Gas Division  
Karen Robinson, Director, Consumer Division  
Joseph Rogers, Assistant Attorney General  
David McKeehan, No. Central Massachusetts Chamber of Commerce  
Robert Sydney, Division of Energy Resources

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**FITCHBURG GAS AND ELECTRIC LIGHT COMPANY**Fitchburg, Massachusetts

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**INDEX****RATE SCHEDULES FOR GAS SERVICE**

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**PENSION/PBOP ADJUSTMENT FACTOR**

**SCHEDULE PAF**

**1.01 Purpose**

The purpose of the Pension/PBOP Adjustment Factor ("PAF") is to provide Fitchburg Gas and Electric Light Company (the "Company") a mechanism to adjust, on an annual basis and subject to the jurisdiction of the Department of Telecommunications and Energy (the "Department"), its rates for customers of distribution service to recover costs associated with Pension and post-retirement benefits other than pensions ("PBOPs") and to reconcile Pension and PBOP expense amounts included in the Company's distribution rates with the total expense amounts booked by the Company pursuant to SFAS 87 and SFAS 106.

**1.02 Applicability**

This PAF shall be applicable to all firm gas, as measured in therms, delivered by the Company unless otherwise designated. For billing purposes, the PAF shall be included in the Local Distribution Adjustment Clause.

**1.03 Effective Date of Annual Adjustment Factor**

The date on which the annual PAF becomes effective shall be November 1<sup>st</sup> of each year, unless otherwise ordered by the Department. The Company shall submit PAF filings as outlined in Section 1.06 of this tariff at least 45 days before the filing is to take effect, in conjunction with its Local Distribution Adjustment Clause filing.

**1.04 Definitions**

The following terms shall be used in this tariff as defined in this section, unless the context requires otherwise.

- (1) "Distribution Company" or "Company" is Fitchburg Gas and Electric Light Company.
- (2) "ERISA" is the Employee Information Retirement Income Security Act of 1974, as amended from time to time.
- (3) "Pension Plan" is a Qualified Pension Plan, as defined by ERISA.
- (4) "Post Retirement Plan Other Than Pension Plan" is a Qualified PBOP, as defined by ERISA.
- (5) "Pre-Paid Amount" is the difference between: (1) the actual cash contributions to the Pension Plan and the PBOP Plan and (2) the amounts recognized in accordance with SFAS 87 and SFAS 106. These amounts are the Gas Division's allocation of total pre-paid amounts for the Company.

**PENSION/PBOP ADJUSTMENT FACTOR**

**SCHEDULE PAF**

**1.04 Definitions (continued)**

- (6) "Prior Year" is the calendar year previous to the effective date of a proposed PAF.
- (7) "Reconciliation Deferral" is the difference between: (1) the total Pension and PBOP expense amounts included in the Company's rates (including both base rates and the PAF); and (2) the total expense amounts booked by the Company in the Prior Year in accordance with the requirements of SFAS 87 and SFAS 106.

**1.05 Pension and PBOP Adjustment Factor Formula**

$$PAF_x = (RA_x + cc(URD_x + APPA_x - DTA_x) + PPRA_x) / F_{therm_x}$$

PAF =	The annual Pension/PBOP Adjustment Factor.
RA <sub>x</sub> =	The Reconciliation Adjustment for Year <sub>x</sub> is one-third of the Unamortized Reconciliation Deferral at the end of the Prior Year.
URD <sub>x</sub> =	The Unamortized Reconciliation Deferral is the amount of the Reconciliation Deferral that has not yet been collected in retail rates. At the beginning of Year <sub>x</sub> the Unamortized Reconciliation Deferral is the sum of: (1) the Unamortized Reconciliation Deferral at the beginning of the Prior Year; plus (2) the Reconciliation Deferral for Prior Year; minus (3) the Reconciliation Adjustment for the Prior Year.
cc =	The Cost of Capital is the tax-effected weighted-average cost of capital as most recently approved by the Department. Until the Company's next general rate case following the effective date of this tariff, the Cost of Capital shall be 11.10 percent.
APPA <sub>x</sub> =	The Average Pre-Paid Amount, for Year <sub>x</sub> is one half of the sum of: (1) the Pre-Paid Amount recorded on the Company's books as of the beginning of the Prior Year; and (2) the Pre-Paid Amount to be recorded on the Company's books as of the end of the Prior Year.
DTA <sub>x</sub> =	The Deferred Tax Amount is the deferred taxes associated with (i) the Average Pre-Paid Amount and (ii) the URD at the end of the Prior Year.

**PENSION/PBOP ADJUSTMENT FACTOR**

**SCHEDULE PAF**

**1.05 Pension and PBOP Adjustment Factor Formula (continued)**

PPRA<sub>x</sub> = The Past Period Reconciliation Amount is the sum of: (a) the difference between (1) the amount of PAF revenue that should have been collected by the Company in the year preceding the Prior Year and the Prior Year; and (2) the amount of PAF revenue actually received by the Company in the year preceding the Prior Year and the Prior Year; and (b) the amount computed in clause (a) times the prime rate computed in accordance with 220 C.M.R. § 6.08(2).

Ftherm<sub>x</sub> = The Forecasted Therms is the forecasted amount of therms to be distributed to the Company's distribution customers for the upcoming annual PAF billing period.

**1.06 Information Required to be Filed with the Department**

Information pertaining to the PAF shall be filed with the Department at least forty-five (45) days before the date on which a new PAF is to be effective. Additionally, the Company will file with the Department a complete list by (sub)account of all Pension and PBOP Plan accounts claimed as recoverable through the PAF over the relevant annual PAF billing period. This information will be submitted with each annual PAF filing, along with complete documentation of the reconciliation-adjustment calculations.

**1.07 Customer Notification**

The Company will notify customers in simple terms of changes to the PAF, including the nature of the change and the manner in which the PAF is applied to the bill. In the absence of a standard format, the Company will submit this notice for approval at the time of each PAF filing. Upon approval by the Department, the Company must immediately distribute these notices to all of its distribution customers either through direct mail, with its bills, or as a bill message.

# FITCHBURG GAS AND ELECTRIC LIGHT COMPANY

## INDEX TARIFF FOR ELECTRIC SERVICE

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\* These tariffs will be revised to incorporate the Pension/PBOP Adjustment Factor into the Adjustment provision in conjunction with FG&E's next electric annual reconciliation filing.

**FITCHBURG GAS AND ELECTRIC LIGHT COMPANY**

**PENSION/PBOP ADJUSTMENT FACTOR**

**SCHEDULE PAF**

**1.01 Purpose**

The purpose of the Pension/PBOP Adjustment Factor ("PAF") is to provide Fitchburg Gas and Electric Light Company (the "Company") a mechanism to adjust, on an annual basis and subject to the jurisdiction of the Department of Telecommunications and Energy (the "Department"), its rates for customers of distribution service to recover costs associated with Pension and post-retirement benefits other than pensions ("PBOPs") and to reconcile Pension and PBOP expense amounts included in the Company's distribution rates with the total electric distribution expense amounts recorded by the Company pursuant to SFAS 87 and SFAS 106.

**1.02 Applicability**

This PAF shall be applicable to all firm electricity, as measured in kilowatthours ("kWhs"), delivered by the Company unless otherwise designated. For billing purposes, the PAF shall be included in the Distribution Charge.

**1.03 Effective Date of Annual Adjustment Factor**

The date on which the annual PAF becomes effective shall be the first day of each calendar year, unless otherwise ordered by the Department. The Company shall submit PAF filings as outlined in Section 1.06 of this tariff at least 30 days before the filing is to take effect.

**1.04 Definitions**

The following terms shall be used in this tariff as defined in this section, unless the context requires otherwise.

- (1) "Distribution Company" or "Company" is Fitchburg Gas and Electric Light Company.
- (2) "ERISA" is the Employee Information Retirement Income Security Act of 1974, as amended from time to time.
- (3) "Pension Plan" is a Qualified Pension Plan, as defined by ERISA.
- (4) "Post Retirement Plan Other Than Pension Plan" is a Qualified PBOP, as defined by ERISA.



**FITCHBURG GAS AND ELECTRIC LIGHT COMPANY**

**PENSION/PBOP ADJUSTMENT FACTOR**

**SCHEDULE PAF (continued)**

**1.04 Definitions (continued)**

- (5) "Pre-Paid Amount" is the difference between: (1) the actual cash contributions to the Pension Plan and the PBOP Plan and (2) the amounts recognized in accordance with SFAS 87 and SFAS 106. These amounts are the Electric Division's allocation of total pre-paid amounts for the Company adjusted to exclude amounts allocated to the electric transmission function.
- (6) "Prior Year" is the calendar year previous to the effective date of a proposed PAF.
- (7) "Reconciliation Deferral" is the difference between: (1) the total Pension and PBOP expense amounts included in the Company's rates (including both base distribution rates and the PAF); and (2) the total distribution expense amounts recorded by the Company in the Prior Year in accordance with the requirements of SFAS 87 and SFAS 106.

**1.05 Pension and PBOP Adjustment Factor Formula**

$$PAF_x = (RA_x + cc(URD_x + APPA_x - DTA_x) + PPRA_x) / FkWh_x$$

- PAF = The annual Pension/PBOP Adjustment Factor.
- $RA_x$  = The Reconciliation Adjustment for Year<sub>x</sub> is one-third of the Unamortized Reconciliation Deferral at the end of the Prior Year.
- $URD_x$  = The Unamortized Reconciliation Deferral is the amount of the Reconciliation Deferral that has not yet been collected in retail rates. At the beginning of Year<sub>x</sub> the Unamortized Reconciliation Deferral is the sum of: (1) the Unamortized Reconciliation Deferral at the beginning of the Prior Year; plus (2) the Reconciliation Deferral for the Prior Year; minus (3) the Reconciliation Adjustment for the Prior Year.
- cc = The Cost of Capital is the tax-effected weighted-average cost of capital as most recently approved by the Department. Until the Company's next general rate case following the effective date of this tariff, the Cost of Capital shall be 11.10 percent.
- $APPA_x$  = The Average Pre-Paid Amount, for Year<sub>x</sub> is one half of the sum of: (1) the Pre-Paid Amount recorded on the Company's books as of the beginning of the Prior Year; and (2) the Pre-Paid Amount to be recorded on the Company's books as of the end of the Prior Year.

**FITCHBURG GAS AND ELECTRIC LIGHT COMPANY**

**PENSION/PBOP ADJUSTMENT FACTOR**

**SCHEDULE PAF (continued)**

**1.05 Pension and PBOP Adjustment Factor Formula (continued)**

$DTA_x =$	The Deferred Tax Amount is the deferred taxes associated with (i) the Average Pre-Paid Amount and (ii) the URD at the end of the Prior Year.
$PPRA_x =$	The Past Period Reconciliation Amount is the sum of: (a) the difference between (1) the amount of PAF revenue that should have been collected by the Company in the year preceding the Prior Year and the Prior Year; and (2) the amount of PAF revenue actually received by the Company in the year preceding the Prior Year and the Prior Year; and (b) the amount computed in clause (a) times the prime rate computed in accordance with 220 C.M.R. § 6.08(2).
$FkWh_x =$	The Forecasted kWhs is the forecasted amount of electricity to be distributed to the Company's distribution customers for the upcoming annual PAF billing period.

**1.06 Information Required to be Filed with the Department**

Information pertaining to the PAF shall be filed with the Department at least thirty (30) days before the date on which a new PAF is to be effective. Additionally, the Company will file with the Department a complete list by (sub)account of all Pension and PBOP Plan accounts claimed as recoverable through the PAF over the relevant annual PAF billing period. This information will be submitted with each annual PAF filing, along with complete documentation of the reconciliation-adjustment calculations.

**1.07 Customer Notification**

The Company will notify customers in simple terms of changes to the PAF, including the nature of the change and the manner in which the PAF is applied to the bill. In the absence of a standard format, the Company will submit this notice for approval at the time of each PAF filing. Upon approval by the Department, the Company must immediately distribute these notices to all of its distribution customers either through direct mail, with its bills, or as a bill message.

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**FITCHBURG GAS AND ELECTRIC LIGHT COMPANY**Fitchburg, Massachusetts

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Issued by: Mark H. Collin  
2004

Treasurer

Filed: July 23, 2003October 29,Effective: November 1, 20034

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PENSION/PBOP ADJUSTMENT FACTOR~~MECHANISM~~

SCHEDULE PA~~RATE~~ PAM 1

**1.01 Purpose**

The purpose of the Pension/PBOP Adjustment Factor ("PAF")~~Mechanism~~ is to provide Fitchburg Gas and Electric Light Company~~NSTAR Gas Company~~ ("NSTAR Gas" or the "Company") a mechanism to adjust, on an annual basis and subject to the jurisdiction of the Department of Telecommunications and Energy (the "Department"), its rates for customers of distribution service to recover costs associated with Pension and post-retirement benefits other than pensions ("PBOPs") and to reconcile Pension and PBOP expense amounts included in the Company's distribution rates with the total expense amounts booked by the Company pursuant to SFAS 87 and SFAS 106.

**1.02 Applicability**

This PAF~~Pension/PBOP Adjustment Mechanism~~ shall be applicable to NSTAR Gas and all firm gas, as measured in therms, delivered by the Company unless otherwise designated. For billing purposes, the PAF shall be included in the Local Distribution Adjustment Clause.

**1.03 Effective Date of Annual Adjustment Factor**

The date on which the annual PAF~~Pension/PBOP Adjustment Factor ("PAF")~~ becomes effective shall be November 1<sup>st</sup> of each year~~the first day of each calendar year~~, unless otherwise ordered by the Department. The Company shall submit PAF filings as outlined in Section 1.06 of this tariff at least 4530~~4530~~ days before the filing is to take effect, in conjunction with its Local Distribution Adjustment Clause filing.

**1.04 Definitions**

The following terms shall be used in this tariff as defined in this section, unless the context requires otherwise.

- (1) "Distribution Company" or "Company" is Fitchburg Gas and Electric Light Company~~NSTAR Gas Company~~.
- (2) "ERISA" is the Employee Information Retirement Income Security Act of 1974, as amended from time to time.
- (3) "Pension Plan" is a Qualified Pension Plan, as defined by ERISA.
- (4) "Post Retirement Plan Other Than Pension Plan" is a Qualified PBOP, as defined by ERISA.
- (5) "Pre-Paid Amount" is the difference between: (1) the actual cash contributions to the Pension Plan and the PBOP Plan and (2) the amounts recognized in accordance with SFAS 87 and

Issued by: Mark H. Collin~~Thomas J. May~~  
Treasurer~~President~~

Filed: October 29, 2004~~December~~  
Effective: November 1, 2004~~Jan~~

PENSION/PBOP ADJUSTMENT FACTOR~~MECHANISM~~

SCHEDULE PA~~FRATE PAM-1~~

SFAS 106. These amounts are the ~~Company's allocation of the total NSTAR amounts~~Gas Division's allocation of total pre-paid amounts for the Company.

**1.04 Definitions (continued)**

- (6) "Prior Year" is the calendar year previous to the effective date of a proposed PAF.
- (7) "Reconciliation Deferral" is the difference between: (1) the total ~~P~~pension and PBOP expense amounts included in the Company's rates (including both base rates and the PAF); and (2) the total expense amounts booked by the Company in the Prior Year in accordance with the requirements of SFAS 87 and SFAS 106.

**1.05 Pension and PBOP Adjustment Factor Formula**

$$PAF_x = (RA_x + cc(URD_x + APPA_x - DTA_x) + PPRA_x) / F_{therm_x}$$

- PAF = The annual Pension/PBOP Adjustment Factor.
- $RA_x$  = The Reconciliation Adjustment for Year<sub>x</sub> is one-third of the Unamortized Reconciliation Deferral at the end of the Prior Year.
- $URD_x$  = The Unamortized Reconciliation Deferral is the amount of the Reconciliation Deferral that has not yet been collected in retail rates. At the beginning of Year<sub>x</sub> the Unamortized Reconciliation Deferral is the sum of: (1) the Unamortized Reconciliation Deferral at the beginning of the Prior Year; plus (2) the Reconciliation Deferral for Prior Year; minus (3) the Reconciliation Adjustment for the Prior Year.
- cc = The Cost of Capital is the tax-effected weighted-average cost of capital as most recently approved by the Department. Until the Company's next general rate case following the effective date of this tariff, the Cost of Capital shall be ~~10.88~~11.10 percent.
- $APPA_x$  = The Average Pre-Paid Amount, for Year<sub>x</sub> is one half of the sum of: (1) the Pre-Paid Amount recorded on the Company's books as of the beginning of the Prior Year; and (2) the Pre-Paid Amount to be recorded on the Company's books as of the end of the Prior Year.

Issued by: Mark H. Collin~~Thomas J. May~~  
Treasurer~~President~~

Filed: October 29, 2004~~December~~  
Effective: November 1, 2004~~Jan~~

PENSION/PBOP ADJUSTMENT FACTOR~~MECHANISM~~

SCHEDULE PA~~RATE PAM-1~~

$DTA_x =$  The Deferred Tax Amount is the deferred taxes associated with (i) the Average Pre-Paid Amount and (ii) the URD at the end of the Prior Year.

Issued by: Mark H. Collin~~Thomas J. May~~  
Treasurer~~President~~

Filed: October 29, 2004~~December~~  
Effective: November 1, 2004~~Jan~~

PENSION/PBOP ADJUSTMENT FACTOR~~MECHANISM~~

SCHEDULE PAF~~RATE PAM-1~~

**1.05 Pension and PBOP Adjustment Factor Formula (continued)**

PPRA<sub>x</sub> = The Past Period Reconciliation Amount is the sum of: (a) the difference between (1) the amount of PAF revenue that should have been collected by the Company in the year preceding the Prior Year and the Prior Year; and (2) the amount of PAF revenue actually received by the Company in the year preceding the Prior Year and the Prior Year; and (b) the amount computed in clause (a) times the prime rate computed in accordance with 220 C.M.R. § 6.08(2).

Ftherm<sub>x</sub> = The Forecasted Therms is the forecasted amount of therms to be distributed to the Company's distribution customers for the upcoming ~~calendar year~~ annual PAF billing period.

**1.06 Information Required to be Filed with the Department**

Information pertaining to the ~~PAF Pension Adjustment Mechanism~~ shall be filed with the Department at least ~~forty-five~~ thirty (45~~30~~) days before the date on which a new PAF is to be effective. Additionally, the Company will file with the Department a complete list by (sub)account of all Pension and PBOP Plan accounts claimed as recoverable through the PAF over the relevant ~~calendar year~~ annual PAF billing period. This information will be submitted with each annual PAF filing, along with complete documentation of the reconciliation-adjustment calculations.

**1.07 Customer Notification**

The Company will notify customers in simple terms of changes to the PAF, including the nature of the change and the manner in which the PAF is applied to the bill. In the absence of a standard format, the Company will submit this notice for approval at the time of each PAF filing. Upon approval by the Department, the Company must immediately distribute these notices to all of its distribution customers either through direct mail, ~~or~~ with its bills, or as a bill message.

Issued by: Mark H. Collin~~Thomas J. May~~  
Treasurer~~President~~

Filed: October 29, 2004~~December~~  
Effective: November 1, 2004~~Jan~~

# FITCHBURG GAS AND ELECTRIC LIGHT COMPANY

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Energy Efficiency Charge	EEC	96	1
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Cancellation Supplement	MDTE 80		1
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\*These tariffs will be revised to incorporate the Pension/PBOP Adjustment Factor into the Adjustment provision in conjunction with FG&E's next electric annual reconciliation filing.

Issued: ~~April 22,~~ October 29, 2004

Effective: ~~June 1, 2004~~ November 1, 2004



FITCHBURG GAS AND ELECTRIC LIGHT COMPANY

PENSION/PBOP ADJUSTMENT FACTOR MECHANISM

SCHEDULE PA RATE PAM-1

**1.01 Purpose**

The purpose of the Pension/PBOP Adjustment Factor ("PAF") Mechanism is to provide Fitchburg Gas and Electric Light Company ~~Boston Edison Company~~ ("Boston Edison" or the "Company") a mechanism to adjust, on an annual basis and subject to the jurisdiction of the Department of Telecommunications and Energy (the "Department"), its rates for customers of distribution service to recover costs associated with Pension and post-retirement benefits other than pensions ("PBOPs") and to reconcile Pension and PBOP expense amounts included in the Company's distribution rates with the total electric distribution expense amounts recorded ~~booked~~ by the Company pursuant to SFAS 87 and SFAS 106.

**1.02 Applicability**

This ~~PAF Pension/PBOP Adjustment Mechanism~~ shall be applicable to ~~Boston Edison~~ and all firm electricity, as measured in kilowatthours ("kWhs"), delivered by the Company unless otherwise designated. For billing purposes, the PAF shall be included in the Distribution Charge.

**1.03 Effective Date of Annual Adjustment Factor**

The date on which the annual ~~PAF Pension/PBOP Adjustment Factor~~ ("PAF") becomes effective shall be the first day of each calendar year, unless otherwise ordered by the Department. The Company shall submit PAF filings as outlined in Section 1.06 of this tariff at least 30 days before the filing is to take effect.

**1.04 Definitions**

The following terms shall be used in this tariff as defined in this section, unless the context requires otherwise.

- (1) "Distribution Company" or "Company" is Fitchburg Gas and Electric Light Company ~~Boston Edison Company d/b/a NSTAR Electric Company~~.
- (2) "ERISA" is the Employee Information Retirement Income Security Act of 1974, as amended from time to time.
- (3) "Pension Plan" is a Qualified Pension Plan, as defined by ERISA.
- (4) "Post Retirement Plan Other Than Pension Plan" is a Qualified PBOP, as defined by ERISA.

Issued by: October 29, 2004 ~~Thomas J. May~~  
2004 Filed: December 1, 2003  
President

Effective: November 1,

Effective: January 1, 2004

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY

PENSION/PBOP ADJUSTMENT FACTOR MECHANISM

SCHEDULE PA FRATE PAM-1 (continued)

**1.04 Definitions (continued)**

- (5) "Pre-Paid Amount" is the difference between: (1) the actual cash contributions to the Pension Plan and the PBOP Plan and (2) the amounts recognized in accordance with SFAS 87 and SFAS 106. These amounts are the Electric Division's allocation of total pre-paid amounts for the Company adjusted to exclude amounts allocated to the electric transmission function, Company's allocation of the total NSTAR amounts. The Pre-Paid Amount will be adjusted for amounts recognized and recovered in the Company's transmission costs of service in accordance with the approved FERC tariffs.
- (6) "Prior Year" is the calendar year previous to the effective date of a proposed PAF.
- (7) "Reconciliation Deferral" is the difference between: (1) the total Pension and PBOP expense amounts included in the Company's rates (including both base distribution rates and the PAF); and (2) the total distribution expense amounts recorded booked by the Company in the Prior Year in accordance with the requirements of SFAS 87 and SFAS 106.

**1.05 Pension and PBOP Adjustment Factor Formula**

$$PAF_x = (RA_x + cc(URD_x + APPA_x - DTA_x) + PPRA_x) / FkWh_x$$

- PAF = The annual Pension/PBOP Adjustment Factor.
- $RA_x$  = The Reconciliation Adjustment for Year<sub>x</sub> is one-third of the Unamortized Reconciliation Deferral at the end of the Prior Year.
- $URD_x$  = The Unamortized Reconciliation Deferral is the amount of the Reconciliation Deferral that has not yet been collected in retail rates. At the beginning of Year<sub>x</sub> the Unamortized Reconciliation Deferral is the sum of: (1) the Unamortized Reconciliation Deferral at the beginning of the Prior Year; plus (2) the Reconciliation Deferral for the Prior Year; minus (3) the Reconciliation Adjustment for the Prior Year.
- cc = The Cost of Capital is the tax-effected weighted-average cost of capital as most recently approved by the Department. Until the Company's next general rate case following the effective date of this tariff, the Cost of Capital shall be 40.8811,10 percent.

Issued by: October 29, 2004 Thomas J. May  
2004 Filed: December 1, 2003  
President

Effective: November 1,

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SCHEDULE PA FRATE PAM-1 (continued)

APPA<sub>x</sub> = The Average Pre-Paid Amount, for Year<sub>x</sub> is one half of the sum of: (1) the Pre-Paid Amount recorded on the Company's books as of the beginning of the Prior Year; and (2) the Pre-Paid Amount to be recorded on the Company's books as of the end of the Prior Year.

Issued by: October 29, 2004 Thomas J. May  
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PENSION/PBOP ADJUSTMENT FACTOR MECHANISM

SCHEDULE PA FRATE PAM-1 (continued)

**1.05 Pension and PBOP Adjustment Factor Formula (continued)**

- DTA<sub>x</sub> = The Deferred Tax Amount is the deferred taxes associated with (i) the Average Pre-Paid Amount and (ii) the URD at the end of the Prior Year.
- PPRA<sub>x</sub> = The Past Period Reconciliation Amount is the sum of: (a) the difference between (1) the amount of PAF revenue that should have been collected by the Company in the year preceding the Prior Year and the Prior Year; and (2) the amount of PAF revenue actually received by the Company in the year preceding the Prior Year and the Prior Year; and (b) the amount computed in clause (a) times the prime rate computed in accordance with 220 C.M.R. § 6.08(2).
- FkWh<sub>x</sub> = The Forecasted kWhs is the forecasted amount of electricity to be distributed to the Company's distribution customers for the upcoming ~~calendar year~~ annual PAF billing period.

**1.06 Information Required to be Filed with the Department**

Information pertaining to the ~~PAF Pension Adjustment Mechanism~~ shall be filed with the Department at least thirty (30) days before the date on which a new PAF is to be effective. Additionally, the Company will file with the Department a complete list by (sub)account of all Pension and PBOP Plan accounts claimed as recoverable through the PAF over the relevant annual PAF billing period ~~calendar year~~. This information will be submitted with each annual PAF filing, along with complete documentation of the reconciliation-adjustment calculations.

**1.07 Customer Notification**

The Company will notify customers in simple terms of changes to the PAF, including the nature of the change and the manner in which the PAF is applied to the bill. In the absence of a standard format, the Company will submit this notice for approval at the time of each PAF filing. Upon approval by the Department, the Company must immediately distribute these notices to all of its distribution customers either through direct mail, ~~or~~ with its bills, or as a bill message.

Issued by: October 29, 2004 Thomas J. May  
2004 Filed: December 1, 2003  
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Effective: November 1,

Effective: January 1, 2004